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**ILLINOIS COMMERCE COMMISSION**

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*Annual Alt Reg.  
Report*

*98-0252,  
98-0335 &  
00-0764*

2005 MAR 3 P 4:1  
CHIEF CLERK'S OFFICE  
ILLINOIS  
COMMERCE COMMISSION

Ms. Elizabeth A. Rolando  
Chief Clerk  
Illinois Commerce Commission  
527 E. Capitol Avenue  
Springfield, Illinois 62701

RE: Submission of Illinois Bell Telephone Company's Annual Alternative Regulation Monitoring Report for Calendar Year 2004

Dear Ms. Rolando:

Illinois Bell Telephone Company ("SBC Illinois" or "the Company"), with this letter, submits the annual alternative regulation monitoring report ("the Report") for calendar year 2004 in accordance with the Illinois Commerce Commission's (ICC) requirements adopting alternative regulation (See Alternative Form of Regulation, Order, Docket No. 92-0448/93-0239, released October 11, 1994, Appendix A (II) (E) and Order, Docket 98-0252/98-0335 and 00-0764, released December 30, 2002 at pages 138-141).

The Company is submitting as Exhibit F its Infrastructure Report for 2004.

The Report contains the following exhibits:

- |            |   |  |
|------------|---|--|
| Exhibit A  | - | Total Company and Illinois Jurisdictional Rate Base.   |
| Exhibit A1 | - | Intrastate Depreciation, Amortization, and Deferred Tax Reserve.   |
| Exhibit B  | - | Total Company and Illinois jurisdictional operating revenue, operating expenses, balance available for return and return calculations. |
| Exhibit B1 | - | Intrastate Depreciation and Amortization Expense.  |
| Exhibit C  | - | Other income and deductions, interest charges, and extraordinary items.  |
| Exhibit D  | - | Capital Structure.   |
| Exhibit E  | - | Statement of Sources and Applications of Funds.  |
| Exhibit F  | - | Infrastructure Report, including projected amounts for 2005; Proprietary.  |
| Exhibit G  | - | Calculation of current price cap indices.  |
| Exhibit H  | - | Description of new services offered in 2004.   |
| Exhibit I  | - | Demand growth by revenue basket during 2004.   |
| Exhibit J  | - | Summary of price changes in the 2004 annual rate filing.   |
| Exhibit K  | - | Demonstration of compliance with Section 13-507; Proprietary.  |
| Exhibit L  | - | Summary of quality of service results for 2004.  |
| Exhibit M  | - | Summary report of exogenous events.  |

Proprietary information included with this filing (Exhibit F, Infrastructure Report and Exhibit K, Demonstration of Compliance with Section 13-507) have been placed in a separate, proprietary envelope. A Petition requesting proprietary treatment for Exhibits F and K is included with this filing.

Also enclosed is an additional copy of this transmittal to be date-stamped and returned to the undersigned.

Sincerely,

*James E. Deignan*

James E. Deignan

Enclosures